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MedCision, LLC
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11 UNITED STATES BANKRUPTCY COURT
12 NORTHERN DISTRICT OF CALIFORNIA
13 SAN FRANCISCO DIVISION

14 In re:
15 MedCision, LLC
f/k/a BioCision, LLC,
16 Debtor.
17
18

Case No. 17-31272

Chapter 11

**REPLY IN SUPPORT OF MOTION TO
APPROVE LITIGATION FUNDING
PURSUANT TO 11 U.S.C. 363(b) AND 11
U.S.C. 364**

19 Date: August 1, 2019
20 Time: 10:00 a.m.
Judge: Hon. Hannah L. Blumenstiel
21 Place: 450 Golden Gate Avenue
16th Floor, Courtroom 19
San Francisco, CA 94102
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1 MedCision, LLC, the above-captioned debtor and debtor-in-possession (the “Debtor”),
2 hereby files this reply (“Reply”) in support of its motion for an order approving litigation funding
3 pursuant to 11 U.S.C. 363(b) and 11 U.S.C. 364 (“Motion”). This Reply specifically responds to
4 the Opposition To The Debtor’s Motion For Approval Of Litigation Financing (the “Opposition”)
5 filed by creditor Rincon Law, LLP (“Rincon”) (Dkt. No. 239).

6 In the Opposition, Rincon’s concerns are that (1) a full copy of the litigation funding
7 agreement had not been provided to creditors; and (2) the value of the potential claims against the
8 directors and officers of the Debtor has not been disclosed.

9 On July 22, 2019, the Debtor filed a supplemental declaration, attaching a full copy of the
10 litigation funding agreement, thereby addressing Rincon’s first concern. As to the value of the
11 claims, the Debtor and its special litigation counsel are still evaluating the claims and the potential
12 recoveries. The liability limit on the insurance policy is \$2 million.

13 The Debtor believes this additional information addresses the concerns raised by Rincon.
14 Again though, the Debtor wants to stress that funding for litigation costs is necessary in order to
15 pursue the affirmative litigation claims through contingency fee counsel. If the Debtor does not
16 obtain funding for those costs, it will not be able to pursue the litigation claims. It must be
17 emphasized that there is no downside here for the estate and its creditors such as Rincon. The
18 litigation funding and the fees of contingency fee counsel are borne entirely out of the recoveries
19 from the litigation. Neither the litigation funder nor the contingency fee counsel have recourse to
20 the Debtor if the litigation recoveries are insufficient. The only possible impact the pursuit of the
21 affirmative litigation could have on the estate is a positive one. As a result, this Court should
22 approve the litigation funding laid out in the Motion so that the affirmative litigation can proceed.

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1 Dated: July 24, 2019

2 SHEPPARD, MULLIN, RICHTER & HAMPTON LLP

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4 By /s/ Michael Lauter
5 ORI KATZ
6 BARRETT MARUM
7 MICHAEL LAUTER
8 MATT KLINGER

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10 Counsel for the Debtor,
11 MedCision, LLC
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